## REMARKS

- 1. Claims 1-20 are pending in the application. Of these claims, claims 1-4, 6, 9-12 and 17-19 stand rejected and claims 5, 7, 8, 13-16 and 20 stand objected to. This communication amends claims 1, 11 and 17. Reconsideration of this application is respectfully requested.
- 2. It is noted that claims 5, 7, 8, 13-16 and 20 contain allowable subject matter.
- 3. Claims 1, 9, 10-11 and 17 stand rejected under 35 USC 102(e) as being anticipated by U.S. Patent 6,680,976 to Chen.

In response, the independent claims 1, 11 and 17 have been amended to clearly distinguish over Chen. Specifically, claims 1 and 17 have each been amended to recite "performing the decomposing step (i) for the respective transform block in each of a plurality of bit planes or discrete quantization steps before decomposing coefficients for a next one of the transform blocks in the image frame." Claim 11 has been amended to recite "scanning and coding means for decomposing the respective transform block in each of a plurality of bit planes or discrete quantization steps before decomposing coefficients for a next one of the transform blocks in the image frame."

The subject matter recited in currently amended claims 1, 11, 17 is not expressly or inherently described by Chen, as Chen does not disclose decomposing the respective transform block in each of a plurality of bit planes or discrete quantization steps before decomposing coefficients for a next one of the transform blocks in the image frame. Instead, Chen appears to disclose in column 19, lines 51-63 and FIG. 14, decomposing coefficients for all the blocks of the entire bit-plane before decomposing the first block of the next bit-plane.

Since Chen does not expressly or inherently describe the subject matter recited in currently amended claims 1, 11 and 17, Chen does not anticipate the same. Because claims 9 and 10 depend from claim 1, these claims are not anticipated by Chen for at least the same reasons as set forth with respect to claim 1. Accordingly, withdrawal of this rejection is respectfully requested.

4. Claims 2, 3 and 18-19 stand rejected under 35 USC 103(a) as being unpatentable over Chen.

Claims 2 and 3 depend from claim 1 and therefore include all the elements recited in claim 1. Claims 18 and 19 depend from claim 17 and therefore include all the elements recited in claim 17. As discussed above, the subject matter recited in currently amended claims 1 and 17 is not expressly or inherently described by Chen, as Chen does not disclose decomposing the respective transform block in each of a plurality of bit planes or discrete quantization steps before decomposing coefficients for a next one of the transform blocks in the image frame. Thus, even if Chen allegedly capable of being modified as proposed in the Office Action, Chen still fails to teach or suggest each element of claims 2-3 and 18-19 by virtue of their dependencies from claims 1 and 17 respectively. Accordingly, withdrawal of this rejection is respectfully requested.

- 5. Favorable reconsideration of this application is respectfully requested as it is believed that all outstanding issues have been addressed herein and, further, that claims 1-20 are in condition for allowance, early notification of which is earnestly solicited. Should there be any questions or matters whose resolution may be advanced by a telephone call, the examiner is cordially invited to contact applicants' undersigned attorney at his number listed below.
- 6. The Commissioner is hereby authorized to charge payment of any additional filing fees required under 37 CFR 1.16 and any patent application processing fees under 37 CFR 1.17, which are associated with this communication, or credit any overpayment to Deposit Account No. 50-2061.

Respectfully submitted,

Paul A. Schwarz Reg. No. 37,577

Duane Morris LLP P.O. Box 5203 Princeton, NJ 08543-5203 609-631-2446- Tel 609-631-2401 - Fax PTN/117532.1